

Message Text

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ACTION EA-14

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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 0871

INFO AMCONSUL MELBOURNE

AMCONSUL SYDNEY

USMISSION GENEVA

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C O N F I D E N T I A L CANBERRA 2524

E. O. 11652: GDS

TAGS: EFIN ETRD OTRA AS

SUBJ: VOLCKER CANBERRA VISIT

1. TREASURY UNDER SECRETARY VOLCKER AND PARTY VISITED CANBERRA MAY 4-5 FOR CONSULTATIONS ON FINANCIAL AND TRADE ISSUES WITH GOA. PROGRAM INCLUDED COURTESY CALLS ON PRIME MINISTER, MINISTER OF STATE WILLESEE, AND OPPOSITION LEADER SNEDDEN. TWO WORKING SESSION HELD IN TREASURY WITH TREASURY, DEPART OF OVERSEAS TRADE AND RESERVE BANK REPRESENTED, A MAY 4 WORKING SESSION ON US TRADE BILL, AND A MAY 5 SESSION ON MONETARY PROBLEMS.

2. CALLS ON WHITLAM AND WILLESEE WILL BE REPORTED SEPTE L.

3. DURING SNEDDEN VISIT, LATTER INQUIRED VARIOUS DETAILS US POSITION ON MONETARY REFORM. COMMENTING ON AUSTRALIA SITUATION, SNEDDEN EXPRESSED HIS DISAPPROVAL AUSTRALIAN REVALUATION AND A DISMAY RE CURRENT MEASURES DISCOURAGING FOREIGN CAPITAL.
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IN HIS VIEW, GOA HAS LOST SIGHT OF IMPACT ITS FINANCIAL POLICIES HAVING ON DEVELOPMENT. ON POLITICAL SCENE, SNEDDEN SUGGESTED CURRENT GOVERNMENT MAY SEEK ELECTIONS THIS YEAR, AND IF

VICTORIOUS HE PREDICTS MINIMUM SEVEN- YEAR SURVIVAL.

4. IN TREASURY WORKING MEETING MAY 4 ON TRADE BILL, SIR FREDERICK WHEELER CHAIRING, VOLCKER BRIEFED GROUP ON BACKGROUND AND MAIN FEATURES PRESIDENT' S TRADE BILL. AUSTRALFAIRS AND MAY HAVE TROUBLE MEETING ADDITIONAL COMMITMENTS RESULTING FROM SALES AT THIS FAIR.

ON THE BRIGHTER SIDE, AMERICAN INTEREST IN THE FAIR REMAINS HIGH AND US BUSINESSMEN CONTINUE TO ARRIVE IN HONG KONG ON THEIR WAY TO CANTON. AT PRESENT WE KNOW OF 59 AMERICANS WHO HAVE RECEIVED INVITATIONS TO THE FAIR. AMONG THE MORE INTERESTING (IN ADDITION TO OIL COMPANIES AND OTHERS REPORTED

IN ER 8 AND HK 3592) ARE REPRESENTATIVES OF DOUGLAS AIRCRAFT COMPANY, GLIDDEN- DURKEE FOODS CORP., SYLVANIA, ASSOCIATED METALS AND MINERALS CORP., SEARS, ROEBUCK INC. ECONOMIC OFFICER BILL ROPE (EN ROUTE TO USLO PEKING) AND CONGEN DPO DAVID DEAN WERE PRESENT AT THE FAIR CONSECUTIVELY FROM APRIL 25 TO MAY 2. CONGEN ECONOMIC OFFICER STARBIRD PLANS TO BE IN CANTON FROM MAY 6 THROUGH THE END OF THE FAIR. CONFIDENTIAL

7. SINO- MEXICAN TRADE AGREEMENT

DURING THE VISIT OF MEXICAN PRESIDENT ECHEVERRIA TO PEKING, CHINA AND MEXICO SIGNED THEIR FIRST TRADE AGREEMENT ON APRIL 22 AND EXCHANGED LETTERS ON CULTURAL, SCIENTIFIC AND TECHNICAL EXCHANGES TO TAKE PLACE IN 1973 AND 1974 (HK 3927). UNDER THE AGREEMENT MEXICO IS TO EXPORT \$30 MILLION ANNUALLY TO CHINA WHILE IMPORTING \$10 MILLION. MEXICAN EXPORTS WILL CONSIST OF COTTON, SULFUR, SUGAR, GRAINS, HENEQUEN, CHEMICAL AND PHARMACEUTICAL PRODUCTS, FERTILIZERS, MACHINERY, TRANSPORT EQUIPMENT, MINERALS, CLOTHING, TEXTILES, LEATHER, AND ELEC- TRICAL APPLIANCES. IMPORTS FROM THE PRC WILL CONSIST PRIN- CIPALLY OF RICE, BUT WILL ALSO INCLUDE SILK, MUSICAL INSTRUMENTS, SKINS, WOOL, CHEMICAL PRODUCTS, MEDICINES, MACHINERY, AND PAPER (MEXICO 2772).

MEANWHILE, A 22- MEMBER CHINESE DELEGATION IS IN MEXICO CITY CONCLUDING ARRANGEMENTS FOR CHINA' S FIRST COMMERCIAL FAIR IN THAT COUNTRY, WHICH IS SCHEDUGGD TO RUN FROM MAY 11 TO 25. IT IS BEING HELD UNDER EB AGREEMENT CONCLUDED IN OCTOBER 1972, DURING THE VISIT OF A MEXICAN COMMERCIAL MISSION TO PEKING (1972 HK 7291, OCT. 28). LIMITED OFFICIAL USE

8. CZECH AND BULGARIAN SCIENTIFIC AGREEMENTS EXTENDED
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FOR THE FIRST TIME SINCE THE BEGINNING OF THE CULTURAL REVOLU- TION, CHINA HAS RENEWED AGREEMENTS FOR SCIENTIFIC AND TECHNICAL COOPERATION WITH CZECHSLOVAKIA AND BULGARIA. THE AGREEMENT WITH CZECHSLOVAKIA WAS SIGNED AT THE CONCLUSION OF THE 15 TH

SESSION OF THE SINO- CZECHSLOVAKIA JOINT COMMISSION FOR SCIENTIFIC AND TECHNOLOGICAL COOPERATION-- THE FIRST HELD SINCE OCTOBER 1966-- ON APRIL 20 IN PEKING (NCNA). AFTERWARDS THE CZECH DELEGATION HEADED BY VICE MINISTER OF TECHNOLOGY AND INVESTMENT ANTONIN MRAZEK WAS RECEIVED BY VICE PREMIER LI HSIEN- NIEN. THE BULGARIAN AGREEMENT WAS RENEWED THROUGH AN EXCHANGE OF NOTES IN PEKING BETWEEN THE BULGARIAN AMBASSADOR AND THE PRC FOREIGN MINISTRY EXTENDING THE SINO- BULGARIAN COOPERATION AGREEMENT OF 1955. UNDER THIS AGREEMENT THE TWO SIDES HAD HELD 10 SESSIONS, THE LAST ONE IN 1967. THE RENEWAL OF THESE AGREEMENTS IS A FURTHER STEP IN PEKING'S EFFORTS TO RENEW NORMAL EXCHANGES WITH OTHER COUNTRIES, EVEN THOSE THAT HAVE OFTEN SIDED WITH THE USSR IN THE SINO- SOVIET DISPUTE.

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9. CIVIL AVIATION: JAPAN, SCANDANAVIA, AND BELGIUM

THE JAPANESE VICE MINISTER OF FOREIGN AFFAIRS AND THE DIRECTOR OF CIVIL AVIATION ARRIVED IN PEKING APRIL 26 FOR A WEEK OF TALKS ON AVIATION ISSUES. WHILE SOME PURELY AVIATION ISSUES MAY GET SETTLED, JAPANESE PRESS REPORTS HAVE INDICATED THAT LITTLE PROGRESS HAD BEEN MADE TOWARD RESOLVING THE ESSENTIALLY POLITICAL ISSUES INVOLVED IN JAPAN'S AIR LINKS WITH TAIWAN (TOKYO 5296). BEGIN CONFIDENTIAL: A JAPANESE CONSUL TOLD US MAY 1 HE EXPECTED THAT " AT LEAST" ONE MORE ROUND OF TALKS WOULD BE NECESSARY. END CONFIDENTIAL.

MEANWHILE, OTHER COUNTRIES CONTINUED TO EXPRESS THEIR OWN INTEREST IN OPENING AIR ROUTES TO CHINA. A 16- MAN DELEGATION REPRESENTING DENMARK, NORWAY AND SWEDEN, LED BY NORWAY'S DIRECTOR OF FOREIGN AFFAIRS, TORE BOEGH, ARRIVED IN PEKING ON APRIL 29 (NCNA). DURING A STOP- OVER IN HONG KONG, BOEGH HAD TOLD THE PRESS HE ANTICIPATED NO HITCH IN NEGOTIATIONS FOR AIR TRAFFIC RIGHTS BECAUSE THEIR AIRLINE, SAS, HAD NO LINKS WITH TAIWAN (HONG KONG STANDARD, APRIL 29).

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BEGIN LIMITED OFFICIAL USE: EARLIER AN MFA SOURCE TOLD EMBASSY STOCKHOLM THAT THE DELEGATION WOULD DISCUSS LANDING RIGHTS FOR A FUTURE SAS SERVICE TO CHINA AND THAT THE VISIT IS PART OF ONGOING NEGOTIATIONS WHICH WERE LIKELY TO TAKE SOME TIME YET BEFORE FINAL AGREEMENT IS REACHED (STOCKHOLM 1404). END LIMITED OFFICIAL USE

THE BELGIAN MINISTER OF FOREIGN TRADE, MR. ANDRE KEMPINAIRE, ANNOUNCED IN HONG KONG APRIL 26, AFTER A FOUR DAY VISIT TO PEKING, THAT BELGIUM AND CHINA HAD REACHED AGREEMENT IN PRINCIPLE GRANTING SABENA AND CAAC LANDING RIGHTS IN EACH OTHER'S COUNTRIES. DETAILED TALKS ON THE MATTER, HE SAID, WOULD BEGIN BEFORE THE END OF THE YEAR (HONG KONG STAFGARD, APRIL 25).

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